

AMENDED IN ASSEMBLY MAY 11, 2016  
AMENDED IN ASSEMBLY MARCH 29, 2016  
CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1853**

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**Introduced by Assembly Member Cooper**

February 10, 2016

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An act to amend Sections 31459.1, 31468, 31522.5, ~~31522.7, 31522.9,~~ 31528, 31529.9, 31535, 31557.3, and 31580.2 of, and to add Section 31522.75 to, the Government Code, relating to county employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 1853, as amended, Cooper. County employees' retirement: districts: retirement system governance.

~~The~~

(1) *The* County Employees Retirement Law of 1937 (CERL) authorizes counties to establish retirement systems pursuant to its provisions in order to provide pension benefits to their employees. CERL defines a district for these purposes, includes specified county retirement systems within that definition, and permits a district to participate in CERL retirement systems. CERL generally provides that the personnel of a county retirement system are county employees, subject to county civil service provisions and salary ordinances, but also authorizes the boards of retirement in specified counties to adopt provisions providing for the appointment of personnel who are to be employees of the retirement system, as well as other administrative provisions that reflect the independence of the retirement system from the county.

The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires a public retirement system, as defined, to modify its plan or plans to comply with the act and establishes new retirement formulas that a public employer offering a defined benefit pension plan for employees first hired on or after January 1, 2013, may not exceed. PEPRA authorizes individuals who were employed by any public employer before January 1, 2013, and who became employed by a subsequent public employer for the first time on or after January 1, 2013, to be subject to the retirement plan that would have been available to employees of the subsequent employer who were first employed by the subsequent employer on or before December 31, 2012, if the individual was subject to reciprocity, as specified.

This bill would authorize the retirement board of any retirement system operating under CERL to elect, by resolution, to be a district under the law. The bill would authorize a board to adopt, by resolution, specified administrative provisions that would classify various personnel of the retirement system as employees of the retirement system and not employees of the county. In regard to county employees who would become retirement system employees, the bill would prescribe requirements in connection with their compensation and employment benefits and status. These provisions would include maintaining their county retirement benefits that would otherwise be reduced under PEPRA, keeping their employment classifications, and affording employees the opportunity to continue participation in group health and dental plans, among other plans and programs. ~~The bill would also prescribe requirements regarding labor negotiations and the continuity of labor agreements.~~ The bill would grant a retirement system electing these provisions the authority to adopt the regulations and enter into the agreements necessary to implement them. ~~The bill would authorize retirement systems currently operating under alternative administrative structures also to adopt these provisions.~~ The bill would also extend this authorization and the associated provisions to a board of investment, as specified. The bill would make ~~various~~ technical and conforming changes.

(2) *Existing law permits a board of retirement operating under CERL to issue subpoenas and to compensate persons who are subpoenaed. Existing law permits a board to delegate its subpoena power to a referee or administrator who is appointed pursuant to specified authority.*

*This bill would authorize specified retirement systems operating as districts to delegate the subpoena power, as described above.*

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 31459.1 of the Government Code is  
2 amended to read:  
3 31459.1. (a) In a county in which a board of investments has  
4 been established pursuant to Section 31520.2:  
5 (1) As used in Sections 31453, 31453.5, 31454, 31454.1,  
6 31454.5, 31472, 31588.1, 31589.1, 31591, 31592.3, 31594,  
7 31595.1, 31595.9, 31596, 31596.1, 31601.1, 31607, 31610, 31611,  
8 31612, 31613, 31616, 31618, 31621.11, 31625, 31639.26, 31784,  
9 and 31872, “board” means board of investments.  
10 (2) As used in the first paragraph of Section 31592.2 and the  
11 first paragraph and subdivision (c) of the second paragraph of  
12 Section 31595, “board” means a board of investments.  
13 (3) Sections 31521, 31522, 31522.1, 31522.2, 31523, 31524,  
14 31525, 31528, 31529, 31529.5, 31535.1, 31580.2, 31614, 31680,  
15 and 31680.1, apply to both the board of retirement and board of  
16 investments, and “board” means either or both the board of  
17 retirement and board of investments.  
18 (4) Subdivision (a) of Section 31526 and subdivisions (a) and  
19 (b) of the second paragraph of Section 31595 apply to both the  
20 board of retirement and board of investments, and “board” means  
21 either or both the board of retirement and board of investments.  
22 (5) Paragraph (5) of subdivision (l) of Section 31468 and  
23 Sections ~~31522.5, 31522.7, 31522.75, and 31522.9~~ 31522.5 and  
24 31522.75 apply to both the board of retirement and board of  
25 investments. For these purposes, “board” means both the board of  
26 retirement and board of investments. “Board of retirement” also  
27 means both the board of retirement and board of investments.  
28 (b) In Article 17 (commencing with Section 31880) of this  
29 chapter, “board” means the Board of Administration of the Public  
30 Employees’ Retirement System.  
31 (c) In all other cases, “board” means the board of retirement.  
32 (d) This section shall apply only in a county of the first class,  
33 as defined in Section 28020, as amended by Chapter 1204 of the  
34 Statutes of 1971, and Section 28022, as amended by Chapter 43  
35 of the Statutes of 1961.

1 SEC. 2. Section 31468 of the Government Code is amended  
2 to read:

3 31468. (a) “District” means a district, formed under the laws  
4 of the state, located wholly or partially within the county other  
5 than a school district.

6 (b) “District” also includes any institution operated by two or  
7 more counties, in one of which there has been adopted an ordinance  
8 placing this chapter in operation.

9 (c) “District” also includes any organization or association  
10 authorized by Chapter 26 of the Statutes of 1935, as amended by  
11 Chapter 30 of the Statutes of 1941, or by Section 50024, which  
12 organization or association is maintained and supported entirely  
13 from funds derived from counties, and the board of any retirement  
14 system is authorized to receive the officers and employees of that  
15 organization or association into the retirement system managed  
16 by the board.

17 (d) “District” also includes, but is not limited to, any sanitary  
18 district formed under Part 1 (commencing with Section 6400) of  
19 Division 6 of the Health and Safety Code.

20 (e) “District” also includes any city, public authority, public  
21 agency, and any other political subdivision or public corporation  
22 formed or created under the constitution or laws of this state and  
23 located or having jurisdiction wholly or partially within the county.

24 (f) “District” also includes any nonprofit corporation or  
25 association conducting an agricultural fair for the county pursuant  
26 to a contract between the corporation or association and the board  
27 of supervisors under the authority of Section 25905.

28 (g) “District” also includes the Regents of the University of  
29 California, but with respect only to employees who were employees  
30 of a county in a county hospital, who became university employees  
31 pursuant to an agreement for transfer to the regents of a county  
32 hospital or of the obligation to provide professional medical  
33 services at a county hospital, and who under that agreement had  
34 the right and did elect to continue membership in the county’s  
35 retirement system established under this chapter.

36 (h) “District” also includes the South Coast Air Quality  
37 Management District, a new public agency created on February  
38 1, 1977, pursuant to Chapter 5.5 (commencing with Section 40400)  
39 of Part 3 of Division 26 of the Health and Safety Code.

1 (1) Employees of the South Coast Air Quality Management  
2 District shall be deemed to be employees of a new public agency  
3 occupying new positions on February 1, 1977. On that date, those  
4 new positions are deemed not to have been covered by any  
5 retirement system.

6 (2) No retirement system coverage may be effected for an  
7 employee of the South Coast Air Quality Management District  
8 who commenced employment with the district during the period  
9 commencing on February 1, 1977, and ending on December 31,  
10 1978, unless and until the employee shall have elected whether to  
11 become a member of the retirement association established in  
12 accordance with this chapter for employees of Los Angeles County  
13 or the retirement association established in accordance with this  
14 chapter for employees of San Bernardino County. The election  
15 shall occur before January 1, 1980. Any employee who fails to  
16 make the election provided for herein shall be deemed to have  
17 elected to become a member of the retirement association  
18 established in accordance with this chapter for the County of Los  
19 Angeles.

20 (3) The South Coast Air Quality Management District shall  
21 make application to the retirement associations established in  
22 accordance with this chapter for employees of Los Angeles County  
23 and San Bernardino County for coverage of employees of the South  
24 Coast Air Quality Management District.

25 (4) An employee of the South Coast Air Quality Management  
26 District who commenced employment with the district during the  
27 period commencing on February 1, 1977, and ending on December  
28 31, 1978, and who has not terminated employment before January  
29 1, 1980, shall be covered by the retirement association elected by  
30 the employee pursuant to paragraph (2). That coverage shall be  
31 effected no later than the first day of the first month following the  
32 date of the election provided for in paragraph (2).

33 (5) Each electing employee shall receive credit for all service  
34 with the South Coast Air Quality Management District. However,  
35 the elected retirement association may require, as a prerequisite  
36 to granting that credit, the payment of an appropriate sum of money  
37 or the transfer of funds from another retirement association in an  
38 amount determined by an enrolled actuary and approved by the  
39 elected retirement association's board. The amount to be paid shall  
40 include all administrative and actuarial costs of making that

1 determination. The amount to be paid shall be shared by the South  
2 Coast Air Quality Management District and the employee. The  
3 share to be paid by the employee shall be determined by good faith  
4 bargaining between the district and the recognized employee  
5 organization, but in no event shall the employee be required to  
6 contribute more than 25 percent of the total amount required to be  
7 paid. The elected retirement association's board may not grant that  
8 credit for that prior service unless the request for that credit is  
9 made to, and the required payment deposited with, the elected  
10 retirement association's board no earlier than January 1, 1980, and  
11 no later than June 30, 1980. The foregoing shall have no effect on  
12 any employee's rights to reciprocal benefits under Article 15  
13 (commencing with Section 31830).

14 (6) An employee of the South Coast Air Quality Management  
15 District who commenced employment with the district after  
16 December 31, 1978, shall be covered by the retirement association  
17 established in accordance with this chapter for employees of San  
18 Bernardino County. That coverage shall be effected as of the first  
19 day of the first month following the employee's commencement  
20 date.

21 (7) Notwithstanding paragraphs (2) and (4) above, employees  
22 of the South Coast Air Quality Management District who were  
23 employed between February 1, 1977, and December 31, 1978, and  
24 who terminate their employment between February 1, 1977, and  
25 January 1, 1980, shall be deemed to be members of the retirement  
26 association established in accordance with this chapter for the  
27 employees of Los Angeles County commencing on the date of  
28 their employment with the South Coast Air Quality Management  
29 District.

30 (i) "District" also includes any nonprofit corporation that  
31 operates one or more museums within a county of the 15th class,  
32 as described by Sections 28020 and 28036 of the Government  
33 Code, as amended by Chapter 1204 of the Statutes of 1971,  
34 pursuant to a contract between the corporation and the board of  
35 supervisors of the county, and that has entered into an agreement  
36 with the board and the county setting forth the terms and conditions  
37 of the corporation's inclusion in the county's retirement system.

38 (j) "District" also includes any economic development  
39 association funded in whole or in part by a county of the 15th class,  
40 as described by Sections 28020 and 28036 of the Government

1 Code, as amended by Chapter 1204 of the Statutes of 1971, and  
2 that has entered into an agreement with the board of supervisors  
3 and the county setting forth the terms and conditions of the  
4 association's inclusion in the county's retirement system.

5 (k) "District" also includes any special commission established  
6 in the Counties of Tulare and San Joaquin as described by Section  
7 14087.31 of the Welfare and Institutions Code, pursuant to a  
8 contract between the special commission and the county setting  
9 forth the terms and conditions of the special commission's  
10 inclusion in the county's retirement system with the approval of  
11 the board of supervisors and the board of retirement.

12 (l) (1) "District" also includes the retirement system established  
13 under this chapter in Orange County.

14 (2) "District" also includes the retirement system established  
15 under this chapter in San Bernardino County at such time as the  
16 board of retirement, by resolution, makes this section applicable  
17 in that county.

18 (3) "District" also includes the retirement system established  
19 under this chapter in Contra Costa County.

20 (4) "District" also includes the retirement system established  
21 under this chapter in Ventura County.

22 (5) "District" also includes a retirement system established under  
23 this chapter at the time that the board of retirement, by resolution,  
24 makes this subdivision applicable to the retirement system in that  
25 county.

26 (m) "District" also includes the Kern County Hospital Authority,  
27 a public agency that is a local unit of government established  
28 pursuant to Chapter 5.5 (commencing with Section 101852) of  
29 Part 4 of Division 101 of the Health and Safety Code.

30 SEC. 3. Section 31522.5 of the Government Code is amended  
31 to read:

32 31522.5. (a) In a county in which the board of retirement has  
33 appointed personnel pursuant to Section 31522.1, the board of  
34 retirement may appoint an administrator, an assistant administrator,  
35 a chief investment officer, senior management employees next in  
36 line of authority to the chief investment officer, subordinate  
37 administrators, senior management employees next in line of  
38 authority to subordinate administrators, and legal counsel.

39 (b) Notwithstanding any other provision of law, the personnel  
40 appointed pursuant to this section may not be county employees

1 but shall be employees of the retirement system, subject to terms  
2 and conditions of employment established by the board of  
3 retirement. Except as specifically provided in this subdivision, all  
4 other personnel shall be county employees for purposes of the  
5 county's employee relations resolution, or equivalent local rules,  
6 and the terms and conditions of employment established by the  
7 board of supervisors for county employees, including those set  
8 forth in a memorandum of understanding.

9 (c) Except as otherwise provided by Sections 31529.9 and  
10 31596.1, the compensation of personnel appointed pursuant to this  
11 section shall be an expense of administration of the retirement  
12 system, pursuant to Section 31580.2.

13 (d) The board of retirement and board of supervisors may enter  
14 into any agreements as may be necessary and appropriate to carry  
15 out the provisions of this section.

16 (e) Section 31522.2 is not applicable to any retirement system  
17 that elects to appoint personnel pursuant to this section.

18 (f) This section shall apply in Orange County.

19 (g) This section shall apply to the retirement system established  
20 under this chapter in San Bernardino County at such time as the  
21 board of retirement, by resolution, makes this section applicable  
22 in that county.

23 (h) This section shall apply to a retirement system established  
24 under this chapter at the time that the board of retirement, by  
25 resolution, makes this section applicable in that county.

26 ~~SEC. 4. Section 31522.7 of the Government Code is amended~~  
27 ~~to read:~~

28 ~~31522.7. (a) In addition to the authority provided pursuant to~~  
29 ~~Section 31522.5, the board of retirement in the County of San~~  
30 ~~Bernardino, or in any other county in which this section has been~~  
31 ~~made applicable, may appoint an administrator, an assistant~~  
32 ~~administrator, a chief investment officer, senior management~~  
33 ~~employees next in line of authority to the chief investment officer,~~  
34 ~~subordinate administrators, senior management employees next~~  
35 ~~in line of authority to subordinate administrators, supervisors and~~  
36 ~~employees with specialized training and knowledge in pension~~  
37 ~~benefit member services, investment reporting compliance,~~  
38 ~~investment accounting, pension benefit tax reporting, pension~~  
39 ~~benefit financial accounting, pension law, and legal counsel.~~



1     ~~(b) Notwithstanding any other provision of law, the personnel~~  
2     ~~appointed pursuant to this section may not be county employees~~  
3     ~~but shall be employees of the retirement system, subject to terms~~  
4     ~~and conditions of employment established by the board of~~  
5     ~~retirement. Except as specifically provided in this subdivision, all~~  
6     ~~other personnel shall be county employees for purposes of the~~  
7     ~~county's employee relations resolution, or equivalent local rules,~~  
8     ~~and the terms and conditions of employment established by the~~  
9     ~~board of supervisors for county employees, including those set~~  
10    ~~forth in a memorandum of understanding.~~

11    ~~(c) Except as otherwise provided by Sections 31529.9 and~~  
12    ~~31596.1, the compensation of personnel appointed pursuant to this~~  
13    ~~section shall be an expense of administration of the retirement~~  
14    ~~system, pursuant to Section 31580.2.~~

15    ~~(d) The board of retirement and board of supervisors may enter~~  
16    ~~into any agreements as may be necessary and appropriate to carry~~  
17    ~~out the provisions of this section.~~

18    ~~(e) Section 31522.2 is not applicable if the retirement system~~  
19    ~~elects to appoint personnel pursuant to this section.~~

20    ~~(f) This section shall apply to the retirement system established~~  
21    ~~under this chapter in San Bernardino County at such time as the~~  
22    ~~board of retirement, by resolution, makes this section applicable~~  
23    ~~in that county.~~

24    ~~(g) This section shall apply to a retirement system established~~  
25    ~~under this chapter at the time that the board of retirement, by~~  
26    ~~resolution, makes this section applicable in that county.~~

27    ~~SEC. 5.~~

28    ~~SEC. 4.~~ Section 31522.75 is added to the Government Code,  
29    immediately following Section 31522.7, to read:

30    31522.75. (a) Any retirement system established under this  
31    chapter, ~~including a retirement system that, at the time of the~~  
32    ~~enactment of this section, is operating pursuant to Section 31522.5,~~  
33    ~~31522.7, or 31522.9, chapter~~ may elect to make this section,  
34    paragraph (5) of subdivision (l) of Section 31468, and Section  
35    ~~31522.5, 31522.7, or 31522.9, 31522.5~~ applicable to the retirement  
36    system upon adoption of a resolution by the board of retirement.

37    (b) A board of retirement may elect to appoint personnel, or  
38    may authorize the retirement administrator to appoint personnel,  
39    to administer the system as provided in this section.

(c) (1) Notwithstanding any other law, the personnel appointed pursuant to this section ~~and the sections referenced in subdivision (a) or Section 31522.5~~ shall not be county employees, but shall be employees of the retirement system, subject to terms and conditions of employment established by the board of retirement and the provisions of this section.

(2) A county employee to whom the California Public Employees' Pension Reform Act of 2013 (Article 4 (commencing with Section 7522) of Chapter 21 of Division 7 of Title 1) did not apply before becoming a retirement system employee shall maintain that status as an employee of the retirement system.

(3) For purposes of employment by a subsequent public employer, as described in paragraph (1) of subdivision (c) of Section 7522.02, the retirement system shall have the status of the county as a subsequent employer.

(4) With regard to an individual who was employed by the county before January 1, 2013, and who becomes a retirement system employee and then changes employment positions as described in paragraph (2) of subdivision (c) of Section 7522.02, the retirement system shall have the former obligations of the county to provide a defined benefit plan that otherwise would have been available to the employee had he or she remained a county employee.

(d) Any employees who were previously appointed to retirement system personnel positions pursuant to Section 31522.2, 31522.3, or 31522.4 shall cease to be county employees and shall become retirement system employees at their existing or equivalent classifications as of the date the board of retirement makes this section applicable pursuant to subdivision (a), subject to any subsequent revisions the retirement board may make pursuant to regulations governing terms and conditions of employment, ~~and when applicable, the provisions of a subsequent memorandum of understanding or bargaining agreement covering the employee.~~

~~(e) Any employees who were previously appointed to retirement system personnel positions pursuant to Section 31522.1 and are subsequently appointed as retirement system employees pursuant to subdivision (a) shall cease to be county employees and shall become retirement system employees at their existing or equivalent classifications as of the date the board of retirement makes this~~

1 ~~section applicable, subject to any subsequent revisions the~~  
2 ~~retirement board may make pursuant to regulations governing~~  
3 ~~terms and conditions of employment and, when applicable, the~~  
4 ~~provisions of a subsequent memorandum of understanding or~~  
5 ~~bargaining agreement covering the employee.~~

6 ~~(f) A retirement system that elects to make this section~~  
7 ~~applicable shall recognize as the exclusive representative of those~~  
8 ~~former county employees who become retirement system~~  
9 ~~employees the employee organization that represented those~~  
10 ~~employees, if any, and shall honor the provisions in any~~  
11 ~~memorandum of understanding or bargaining agreement in effect~~  
12 ~~on the date the board of retirement makes this section applicable~~  
13 ~~for the duration of the memorandum of understanding or bargaining~~  
14 ~~agreement.~~

15 ~~(g) The following shall apply to those persons who become~~  
16 ~~retirement system employees pursuant to this section:~~

17 ~~(1) Employment seniority of a retirement system employee,~~  
18 ~~including, but not limited to, an employee's continuous service~~  
19 ~~date used for purposes of retirement or other benefits, as calculated~~  
20 ~~and used under the county system in effect before the date this~~  
21 ~~section becomes applicable, shall be calculated and used in the~~  
22 ~~same manner by the retirement system at the time the county~~  
23 ~~employee becomes a retirement system employee, subject to any~~  
24 ~~subsequent revisions the retirement board may make pursuant to~~  
25 ~~regulations governing terms and conditions of employment, and~~  
26 ~~when applicable, the provisions of a subsequent memorandum of~~  
27 ~~understanding or bargaining agreement covering the employee.~~

28 ~~(2) Retirement system employees shall have the same status~~  
29 ~~they had as probationary, permanent, or regular employees under~~  
30 ~~the county system in effect on the date this section becomes~~  
31 ~~applicable, subject to any subsequent revisions the retirement board~~  
32 ~~may make pursuant to regulations governing terms and conditions~~  
33 ~~of employment, and when applicable, the provisions of a~~  
34 ~~subsequent memorandum of understanding or bargaining agreement~~  
35 ~~covering the employee.~~

36 ~~(3) Retirement system employees shall receive their same salary~~  
37 ~~rates, leaves of absence, leave accrual rates, including all related~~  
38 ~~compensation rules and provisions applicable to those salary rates,~~  
39 ~~leaves, and accrual rates as under the county system on the date~~  
40 ~~this section becomes applicable, subject to any subsequent revisions~~

1 ~~the retirement board may make pursuant to regulations governing~~  
2 ~~terms and conditions of employment, and when applicable, the~~  
3 ~~provisions of a subsequent memorandum of understanding or~~  
4 ~~bargaining agreement covering the employee.~~

5 ~~(4) (A)~~

6 (e) Retirement system employees shall be afforded the  
7 opportunity to participate in county benefit plans and programs,  
8 including, but not limited to, group health, dental and life insurance,  
9 workers' compensation, and deferred compensation that existed  
10 on the date this section becomes applicable, under the same terms  
11 and conditions as those programs were available to county  
12 employees. The retirement board shall contract with the county to  
13 administer the county benefit plans and programs for retirement  
14 system employees, under the same terms and conditions applicable  
15 to county employees, and shall provide the employer cost *and*  
16 *reasonable administrative expenses* for participation in the  
17 programs unless and until the retirement board chooses to provide  
18 different benefits or different benefit levels through another  
19 provider.

20 ~~(B) The participation of retirement system employees in county~~  
21 ~~benefit plans or programs, and the county's administration of~~  
22 ~~certain compensation or benefits for retirement employees pursuant~~  
23 ~~to this section, shall not create or be construed to create, a meet~~  
24 ~~and confer obligation between the county and any employee~~  
25 ~~organization recognized to represent retirement system employees.~~

26 ~~(h)~~

27 (f) The board of retirement and the county may enter into any  
28 agreements necessary and appropriate to carry out this section.

29 ~~(i)~~

30 (g) Sections 31522.1, 31522.2, 32522.3, and 32522.4 shall no  
31 longer apply to a retirement system that has made this section  
32 applicable.

33 ~~(j)~~

34 (h) Upon adoption of this section, the board of retirement may  
35 make regulations consistent with this chapter, and the provisions  
36 of Section 31525 that require approval of retirement board  
37 regulations by the board of supervisors shall no longer apply.

38 ~~(k)~~

39 (i) The compensation of personnel appointed pursuant to this  
40 section shall be an expense of administration of the retirement

1 system pursuant to Section 31580.2, except as provided in Section  
2 31522.5, 31522.7, or 31522.9, as those sections may apply to a  
3 retirement system that has adopted them. 31522.5.

4 ~~(h)~~

5 (j) This section shall not be construed as to modify any authority,  
6 or to require any subsequent action by, a retirement system that  
7 has made paragraph (5) of subdivision (I) of Section 31468 and  
8 Section 31522.5, 31522.7, 31522.9, or 31522.10 applicable to the  
9 retirement system prior to the effective date of this section.

10 ~~(m) Any retirement system that has elected to make either~~  
11 ~~Section 31522.5, 31522.7, or 31522.9 applicable upon adoption~~  
12 ~~of a subsequent resolution by the board of retirement may make~~  
13 ~~a different section apply.~~

14 SEC. 6. ~~Section 31522.9 of the Government Code is amended~~  
15 ~~to read:~~

16 31522.9. ~~(a) The board of retirement of a county may appoint~~  
17 ~~a retirement administrator and other personnel as are required to~~  
18 ~~accomplish the necessary work of the board. The board may~~  
19 ~~authorize the administrator to make these appointments on its~~  
20 ~~behalf. Notwithstanding any other law, the personnel so appointed~~  
21 ~~shall not be county employees but shall become employees of the~~  
22 ~~retirement system, subject to terms and conditions of employment~~  
23 ~~established by the board of retirement, including those set forth in~~  
24 ~~a memorandum of understanding executed by the board of~~  
25 ~~retirement and recognized employee organizations.~~

26 ~~(b) Sections 31522.1 and 31522.2 shall not apply to a retirement~~  
27 ~~system that appoints personnel pursuant to this section.~~

28 ~~(c) The retirement system that appoints personnel pursuant to~~  
29 ~~this section is a public agency for purposes of the~~  
30 ~~Meyers-Milias-Brown Act (Chapter 10 (commencing with Section~~  
31 ~~3500) of Division 4).~~

32 ~~(d) The compensation of personnel appointed pursuant to this~~  
33 ~~section shall be an expense of administration of the retirement~~  
34 ~~system, pursuant to Section 31580.2, except as provided in Sections~~  
35 ~~31529.5, 31529.9, and 31596.1.~~

36 ~~(e) The board of retirement and the board of supervisors may~~  
37 ~~enter into agreements as they determine are necessary and~~  
38 ~~appropriate in order to carry out the provisions of this section.~~

39 ~~(f) The retirement system, upon the effective date of this section,~~  
40 ~~shall retain, for a 90-day transition employment period,~~

1 nonprobationary employees who, upon the effective date of this  
2 section, were covered by a county memorandum of understanding  
3 and employed by the county at the retirement system's facilities;  
4 unless just cause exists to terminate the employees or legitimate  
5 grounds exist to lay off these employees. If during the 90-day  
6 period the retirement system determines that a layoff of these  
7 employees is necessary, the retirement system shall retain the  
8 employees by seniority within job classification. The terms and  
9 conditions of employment of the employees retained pursuant to  
10 this subdivision shall be subject to the terms and conditions  
11 established by the applicable memorandum of understanding  
12 executed by the board of retirement and the recognized employee  
13 organizations. During the 90-day transition period, probationary  
14 employees shall maintain only those rights they initially acquired  
15 pursuant to their employment with the county.

16 (g) Subject to the employees' rights under the  
17 Meyers-Milias-Brown Act (Chapter 10 (commencing with Section  
18 3500) of Division 4), the retirement system, upon the effective  
19 date of this section, shall recognize as the exclusive representative  
20 of the employees retained pursuant to subdivision (f) the recognized  
21 employee organizations that represented those employees when  
22 employed by the county. The initial terms and conditions for those  
23 employees shall be as previously established by the applicable  
24 memorandum of understanding executed by the county and  
25 recognized employee organizations.

26 (h) This section shall apply in Contra Costa County.

27 (i) This section shall apply to a retirement system established  
28 under this chapter at the time that the board of retirement, by  
29 resolution, makes this section applicable in that county.

30 SEC. 7.

31 SEC. 5. Section 31528 of the Government Code is amended  
32 to read:

33 31528. (a) Unless permitted by this chapter, a member or  
34 employee of the board shall not become an endorser, surety, or  
35 obligor on, or have any personal interest, direct or indirect, in the  
36 making of any investment for the board, or in the gains or profits  
37 accruing from those investments. A member or employee of the  
38 board shall not directly or indirectly, for himself or herself, or as  
39 an agent or partner of others, borrow or use any of the funds or

1 deposits of the retirement system, except to make current and  
2 necessary payments authorized by the board.

3 (b) A member or employee of the board shall not, directly or  
4 indirectly, by himself or herself, or as an agent or partner or  
5 employee of others, sell or provide any investment product that  
6 would be considered an asset of the fund, to any retirement system  
7 established pursuant to this chapter.

8 (c) An individual who held a position designated in Section  
9 31522.3, 31522.4, 31522.5, or established pursuant to Section  
10 31522.75, or was a member of the board or an administrator, shall  
11 not, for a period of two years after leaving that position, for  
12 compensation, act as agent or attorney for, or otherwise represent,  
13 any other person except the county, by making any formal or  
14 informal appearance before, or any oral or written communication  
15 to, the retirement system, or any officer or employee thereof, if  
16 the appearance or communication is made for the purpose of  
17 influencing administrative or legislative action, or any action or  
18 proceeding involving the issuance, amendment, awarding, or  
19 revocation of a permit, license, grant, contract, or sale or purchase  
20 of goods or property.

21 ~~SEC. 8.~~

22 *SEC. 6.* Section 31529.9 of the Government Code is amended  
23 to read:

24 31529.9. (a) In addition to the powers granted by Sections  
25 31522.5, 31522.75, 31522.9, 31529, 31529.5, 31614, and 31732,  
26 the board of retirement and the board of investment may contract  
27 with the county counsel or with attorneys in private practice or  
28 employ staff attorneys for legal services.

29 (b) Notwithstanding Sections 31522.5, 31522.7, 31522.75,  
30 31529.5, and 31580, the board shall pay, from system assets,  
31 reasonable compensation for the legal services.

32 (c) This section applies to any county of the 2nd class, 7th class,  
33 9th class, 14th class, 15th class, or the 16th class as described by  
34 Sections 28020, 28023, 28028, 28030, 28035, 28036, and 28037.

35 (d) This section shall also apply to any other county if the board  
36 of retirement, by resolution adopted by majority vote, makes this  
37 section applicable in the county.

38 ~~SEC. 9.~~

39 *SEC. 7.* Section 31535 of the Government Code is amended  
40 to read:

1     31535. The board may issue subpoenas and subpoenas duces  
2     tecum, and compensate persons subpoenaed. This power shall be  
3     exercised and enforced in the same manner as the similar power  
4     granted the board of supervisors in Article 9 (commencing with  
5     Section 25170) of Chapter 1, Part 2, Division 2; 2, except that the  
6     power shall extend only to matters within the retirement board's  
7     jurisdiction, and committees of the board shall not have this power.  
8     Reasonable fees and expenses may be provided for by board  
9     regulation for any or all of such witnesses regardless of which  
10    party subpoenaed them.

11    Subpoenas shall be signed by the chairman or secretary of the  
12    retirement board, except that the board may by regulation provide  
13    for express written delegation of its subpoena power to any referee  
14    it appoints pursuant to this chapter or to any administrator  
15    appointed pursuant to Section 31522.2, 31522.5, 31522.7, 31522.9,  
16    or 31522.10.

17    Any member of the board, the referee, or any person otherwise  
18    empowered to issue subpoenas may administer oaths to, or take  
19    depositions from, witnesses before the board or referee.

20    ~~SEC. 10.~~

21    ~~SEC. 8.~~ Section 31557.3 of the Government Code is amended  
22    to read:

23    31557.3. On the date a district, as defined in subdivision (l) of  
24    Section 31468, is included in the retirement system, any personnel  
25    appointed pursuant to Sections 31522.5, 31522.9, 31522.10,  
26    31522.7, 31522.75, and 31529.9 who had previously been in county  
27    service shall continue to be members of the system without  
28    interruption in service or loss of credit. Thereafter, each person  
29    entering employment with the district shall become a member of  
30    the system on the first day of the calendar month following his or  
31    her entrance into service.

32    ~~SEC. 11.~~

33    ~~SEC. 9.~~ Section 31580.2 of the Government Code is amended  
34    to read:

35    31580.2. (a) In counties in which the board of retirement, or  
36    the board of retirement and the board of investment, have appointed  
37    personnel pursuant to Section 31522.1, 31522.5, 31522.7,  
38    31522.75, 31522.9, or 31522.10, the respective board or boards  
39    shall annually adopt a budget covering the entire expense of  
40    administration of the retirement system which expense shall be



1 charged against the earnings of the retirement fund. The expense  
2 incurred in any year may not exceed the greater of either of the  
3 following:

4 (1) Twenty-one hundredths of 1 percent of the accrued actuarial  
5 liability of the retirement system.

6 (2) Two million dollars (\$2,000,000), as adjusted annually by  
7 the amount of the annual cost-of-living adjustment computed in  
8 accordance with Article 16.5 (commencing with Section 31870).

9 (b) Expenditures for computer software, computer hardware,  
10 and computer technology consulting services in support of these  
11 computer products shall not be considered a cost of administration  
12 of the retirement system for purposes of this section.